

Message Text

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ORIGIN OPIC-06

INFO OCT-01 NEA-10 ISO-00 EB-08 AID-05 COME-00 AGRE-00
XMB-04 TRSE-00 /034 R

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-----045572 151854Z /73

R 150837Z JUL 78
FM SECSTATE WASHDC
TO AMEMBASSY CAIRO

UNCLAS STATE 179368

FROM OPIC

E.O. 11652: N/A

TAGS: EINV, EAGR

SUBJECT: AGROBUSINESS COUNCIL PROGRAM

REF: (A) STATE 163093 (B) CAIRO 16329

1. OPIC SHARES FRUSTRATION OF GOE AND EMBASSY OVER SLOW PACE AND CERTAIN NEGATIVE DECISIONS WITH RESPECT TO COUNCIL PROJECT PROPOSALS, AS DOES COUNCIL WHICH HAS ENCOURAGED, TO EXTENT FEASIBLE, PARTICIPATING COMPANIES TO MAKE RELEVANT DECISIONS AS PROMPTLY AS POSSIBLE. HOWEVER, ALL MUST BEAR IN MIND THE DOMESTIC AND WORLDWIDE RANGE OF PROJECTS WHICH ORGANIZATIONS SUCH AS THE INITIAL MISSION COMPANIES HAVE UNDER CONSIDERATION AT ALL TIMES AND THE INTERNAL DECISION MAKING PROCESS FROM STAFF ANALYSIS TO MANAGEMENT REVIEW TO BOARD OF DIRECTORS DECISION. THESE NORMAL FACTORS EXACERBATED BY RELATIVELY MORE DIFFICULT INVESTMENT CONDITIONS IN UNCLASSIFIED

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EGYPT.

2. IN EARLY JUNE CONTINENTAL HAD INDICATED IT WOULD NOT PROCEED WITH DEFINITIVE FEASIBILITY STUDY DUE APPARENTLY TO MORE ATTRACTIVE INVESTMENT OPPORTUNITIES ELSEWHERE. AS RESULT OF COUNCIL EFFORTS INCLUDING A MEETING WITH CONTINENTAL'S CHIEF EXECUTIVE OFFICER, CONTINENTAL UNDERTOOK TO

REVIEW THIS DECISION AND INDICATED THAT IT WOULD

POSSIBLY PROCEED IN EGYPT ALBEIT WITH A SLIGHTLY ALTERED SCHEDULE. HOWEVER, ON 7 JULY CONTINENTAL STATED DEFINITIVELY IT WOULD NOT, REPEAT NOT, PROCEED WITH EGYPT STUDY. IN LIGHT OF THIS DEVELOPMENT-WHICH IS GRAPHIC ILLUSTRATION OF FRUSTRATIONS NOTED PARA 1-COUNCIL AND OPIC CONTACTING ARCHER DANIELS MIDLAND WHICH EARLIER HAD EXPRESSED INTEREST IN THE PROJECT PROPOSAL.

3. AS REPORTED REF (A) CONAGRA AWAITING MID-JULY BOARD DECISION AND SUBSTITUTE FOR BEATRICE IN THE DAIRY PROJECT BEING SOUGHT AMONG SEVERAL IDENTIFIED CANDIDATES; A.E. STALEY HAS JUST RECEIVED REQUESTED INFORMATION FROM EGYPT WHERE-IT IS ANALYZING PRESENTLY.

4. FROM OUTSET ALL PARTIES INCLUDING GOE HAVE UNDERSTOOD THAT, DESPITE INITIAL SCREENING, "FIRST ROUND" MISSION COMPANIES MIGHT NOT BE FAVORABLY DISPOSED TO EGYPTIAN INVESTMENT FOLLOWING ON SITE PRELIMINARY EVALUATION AND THAT THERE WAS THEREFORE STRONG LIKELIHOOD OF ADDITIONAL ROUND OF CANDIDATES BEING REQUIRED. ACCORDINGLY, WHILE THE SPEED (OR LACK THEREOF) IN THE PRELIMINARY DECISION PROCESS AND THE RATE OF DROP-OUTS IS LAMENTABLE, THE FACT THAT ALTERNATIVE INVESTORS MUST BE SOUGHT IS NOT UNEXPECTED AND, TO THE CONTRARY, WAS ENVISIONED AS PART OF THE OVERALL AGRI- UNCLASSIFIED

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BUSINESS COUNCIL PROGRAM WORKED OUT WITH THE GOE. THE COUNCIL AND OPIC CONTINUE TO DEVOTE SIGNIFICANT TIME AND EFFORT TO DEVELOPING ALTERNATIVE INVESTORS. THIS WILL NECESSITATE THE COORDINATION OF ADDITIONAL VISITS AS WELL AS RECOGNITION THAT THE SENSE OF TIMELINESS FOR ACTION MAY BE IMPEDED BY THE RAPIDLY APPROACHING U.S. SUMMER VACATION AND RAMADAN SEASONS. IT IS OF COURSE IMPRACTICAL AND UN- RESPONSIVE TO EGYPTIAN INVESTMENT NEEDS TO REPEATEDLY CARRY OUT SUCH A SUBSTITUTION EFFORT AND THEREFORE BY FALL A CAREFUL REVIEW OF THE PROGRAM BY OPIC, THE GOE AND EMBASSY WILL HAVE TO BE UNDERTAKEN.

5. OPIC UNDERSTANDS PRIMARY PURPOSE OF MUELLER'S PROPOSED CAIRO VISIT IS IN CONNECTION WITH THE INDEPENDENT COUNCIL-GOE SHARKIA PROGRAM AND THAT HE WOULD TAKE THAT OPPORTUNITY TO DISCUSS FIRST HAND THE SO FAR DISAPPOINTING RESULTS AND REVIEW THE CONTINUING EFFORTS TO INTEREST QUALIFIED INVESTORS. OPIC SHARES EMBASSY VIEW EXPRESSED PARA 3 REF (B) ON FRUITFULNESS OF FURTHER DISCUSSIONS VERSUS INVESTOR ACTION, BUT BELIEVES, IF MUELLER TO BE IN CAIRO IN ANY EVENT, THAT COURTESY AND DESIRE TO MAINTAIN GOOD WORKING RELATIONS DURING CONTINUING EFFORTS TO DEVELOP INVESTMENT

FROM AGRIBUSINESS COUNCIL PROGRAM CALL FOR SUCH DISCUSSION.

6. APPRECIATE EMBASSY KEEPING GOE OFFICIALS WHO HAVE BEEN
INVOLVED INFORMED OF PRESENT STATUS. CHRISTOPHER

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Message Attributes

Automatic Decaptoning: X

Capture Date: 01 jan 1994

Channel Indicators: n/a

Current Classification: UNCLASSIFIED

Concepts: AGRIBUSINESS, PROGRAMS (PROJECTS)

Control Number: n/a

Copy: SINGLE

Draft Date: 15 jul 1978

Decapton Date: 01 jan 1960

Decapton Note:

Disposition Action: n/a

Disposition Approved on Date:

Disposition Case Number: n/a

Disposition Comment:

Disposition Date: 01 jan 1960

Disposition Event:

Disposition History: n/a

Disposition Reason:

Disposition Remarks:

Document Number: 1978STATE179368

Document Source: CORE

Document Unique ID: 00

Drafter: F FRHILL

Enclosure: n/a

Executive Order: N/A

Errors: N/A

Expiration:

Film Number: D780291-0345

Format: TEL

From: STATE

Handling Restrictions: n/a

Image Path:

ISecure: 1

Legacy Key: link1978/newtext/t19780756/aaaabusr.tel

Line Count: 120

Litigation Code IDs:

Litigation Codes:

Litigation History:

Locator: TEXT ON-LINE, ON MICROFILM

Message ID: e3c80773-c288-dd11-92da-001cc4696bcc

Office: ORIGIN OPIC

Original Classification: UNCLASSIFIED

Original Handling Restrictions: n/a

Original Previous Classification: n/a

Original Previous Handling Restrictions: n/a

Page Count: 3

Previous Channel Indicators: n/a

Previous Classification: n/a

Previous Handling Restrictions: n/a

Reference: 78 STATE 163093, 78 CAIRO 16329

Retention: 0

Review Action: RELEASED, APPROVED

Review Content Flags:

Review Date: 29 mar 2005

Review Event:

Review Exemptions: n/a

Review Media Identifier:

Review Release Date: N/A

Review Release Event: n/a

Review Transfer Date:

Review Withdrawn Fields: n/a

SAS ID: 1994741

Secure: OPEN

Status: NATIVE

Subject: AGRIBUSINESS COUNCIL PROGRAM

TAGS: EINV, EAGR, EG, OPIC

To: CAIRO

Type: TE

vdkgvgwkey: odbc://SAS/SAS.dbo.SAS_Docs/e3c80773-c288-dd11-92da-001cc4696bcc

Review Markings:

Sheryl P. Walter

Declassified/Released

US Department of State

EO Systematic Review

20 Mar 2014

Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014